

A fund dashboard –

driving to make a difference

In today's increasingly complex markets, there is a risk that asset owners can be overwhelmed with data. The fund dashboard aims to provide the analysis, commentary and guidance needed for decisions. The dashboard helps to convert information into action, making sure we focus on the important, not the urgent.

Roger Urwin answers questions on the fund dashboard.



Why is a fund dashboard a useful tool for pension funds?

"Data and information is abundant to asset owners such as trustees, but I'd argue that it doesn't come in coherent or easily actionable pieces. A fund dashboard can provide a view that is both well-focused and holistic. The parallel is the corporate board. As businesses become more complex and increasingly time pressured, many boards now rely heavily on their dashboards."

Is this just yet more material for the trustees to wade through?

"The problem is, most of the material fiduciaries have received has not been made user friendly. In particular, it is not sifted by importance. A good dashboard is tiered. Working with different clients in designing dashboards, we advocate three tiers:

- the top tier is all about what fiduciaries need to know for their critical 'need-now' decisions
- second tier is the supporting context, so issues are framed and holistically presented
- third tier is there for fiduciaries to become outstandingly informed, but not all fiduciaries can do this given their day-jobs".



With more material, is this simply about longer meetings?

“No, it’s not. If organised properly, this is a time saver. In our best practice model, we advocate four to six investment committee meetings annually of three hours. If you are well organised, that is good enough.”

So is it about a different approach to meetings?

“Absolutely. I think we can do a lot to reshuffle the meeting. The order needs work – decisions first, critical briefing next, then include some important non-urgent issues. We advocate that the dashboard is not just about reporting, it’s also about how the meeting is organised.”

The biggest issue for funds at present is how to deal with risk. How does the dashboard help?

“The approach should come in several parts. First, it needs to provide a lot more context than most funds receive: review high level principles, investment beliefs and policies and strategic objectives.

What risks are factored in and how is the fund meeting its goals on risk and returns?

Second, we need a good description of the current risks, expressed both in figures and qualitatively. More of this is probably qualitative than quantitative, but both matter.

Third, we need ‘what ifs?’ Many people are interested in ‘black swans’ these days. Black swans are highly improbable events that we cannot anticipate but they have high impact. We know that these events are happening more with our increasingly closely connected and complex financial system. There is a need to think laterally about what might go wrong in the future. We need to work on better preparation for things going wrong. We should expect a dashboard to provide rich material in this area.

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Figure 1 | The fund dashboard – a structure for decision making

